

IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FORBEARANCE CONSIDERATIONS

SAR-ID	SAR-ABBR	TIER	Nas	Interstate AMBU		USF (Category 1,3) Loops		2010 DEMS (in 000)	
				2003	2004 NECA	2003	2004 NECA	State	Interstate
442915	SOUTHWESTERN BELL-OK	1	non-rural	4,250,519,953	1,408,348	3,193,350	6,347,632		
442980	GTE SW VERIZON - TX	1	non-rural	3,080,775,978	1,498,263	3,092,648	5,427,281		
442984	GTE-SW VERIZON - TX	1	non-rural	216,281,012	116,987	517,286	471,850		
442916	SOUTHWESTERN BELL-TX	1	non-rural	19,227,290,578	9,116,810	16,080,244	26,903,002		
458101	QWEST CORP - AZ	1	non-rural	8,165,720,500	2,530,190	2,531,650	12,286,344		
463102	QWEST CORP - CO	1	non-rural	8,129,901,969	2,586,718	1,004,270	12,223,445		
473103	QWEST CORP - ID	1	non-rural	1,666,187,580	466,346	322,718	2,176,301		
483104	QWEST CORP - MT	1	non-rural	1,266,853,747	347,182	696,751	1,783,173		
489105	QWEST CORP - NM	1	non-rural	2,785,242,927	818,870	800,851	3,606,778		
505107	QWEST CORP - UT	1	non-rural	2,880,608,030	864,787	1,541,981	4,458,795		
513108	QWEST CORP - WY	1	non-rural	945,652,107	244,238	448,474	1,016,515		
522410	VERIZON N WEST - WA	1	non-rural	2,108,875,366	756,073	2,076,689	2,803,305		
522416	VERIZON N WEST - WA	1	non-rural	221,712,883	88,868	235,952	373,313		
523161	QWEST CORP - WA	1	non-rural	6,377,398,205	2,328,093	4,415,434	8,288,456		
532416	VERIZON N WEST - OR	1	non-rural	1,454,040,880	444,636	1,415,392	1,979,761		
535163	QWEST CORP - OR	1	non-rural	3,095,246,819	1,304,363	1,842,932	5,441,807		
542302	VERIZON CA (CENTEL)	1	non-rural	869,072,071	409,382	1,723,221	929,759		
542319	VERIZON - CA (GTE)	1	non-rural	8,625,791,239	4,073,081	20,291,661	10,601,538		
545170	PACIFIC BELL	1	non-rural	33,405,390,654	17,022,893	16,156,506	43,826,745		
552348	CENTEL OF NV	1	non-rural	3,982,598,150	845,288	369,804	4,365,414		
555173	NEVADA BELL	1	non-rural	1,205,704,783	370,904	515,093	1,417,974		
565010	VERIZON DELAWARE INC	1	non-rural	1,923,653,002	594,508	783,798	2,728,786		
579220	VERIZON WA DC INC	1	non-rural	2,516,583,821	832,290	1,435,113	3,294,371		
596114	VERIZON RHODE ISLAND	1	non-rural	1,851,309,149	548,546	0	2,872,389		
623100	VERIZON HAWAII - HI	1	non-rural	1,887,014,774	866,466	782,419	2,419,682		
633200	P.F.C. - CENTRAL	1	non-rural	278,106,087	174,333	936,067	477,582		
633301	PUERTO RICO TEL. CO	1	non-rural	2,260,043,000	1,058,322	4,771,428	3,214,579		
180234	CENTEL OF VIRGINIA	2	non-rural	567,583,819	263,476				
235781	CENTURYTEL-AL-SOUTH	2	non-rural	556,907,934	156,882	801,131	1,016,963		
238789	CENTURYTEL-AL-NORTH	2	non-rural	300,135,653	123,503				
431163	VAL-OK-OK	2	non-rural	311,085,295	114,784	248,369	425,865		
442114	CENTEL OF TEXAS	2	non-rural	865,944,680	219,058	640,787	976,883		
170170	VERIZON N-PAC (CENTEL)	1	rural exemption lifted	156,723,944	66,272	203,086	203,086		
170201	VERIZON N-PAC (LAKERS)	1	rural exemption lifted	157,053,821	50,835	131,155	170,327		
190479	VERIZON SOUTH - VA	1	rural exemption lifted	115,928,202	38,894	80,055	144,541		
240626	VERIZON E-SG (CENTEL)	1	rural exemption lifted	96,300,000	28,024	88,487	115,948		
313033	VERIZON N-M (ALL TEL)	1	rural exemption lifted	147,489,178	54,456	383,506	156,414		
333904	VERIZON N-IN (ALL TEL)	1	rural exemption lifted	23,471,892	11,084	38,829	78,046		
343035	VERIZON S-L (CENTEL)	1	rural exemption lifted	83,605,446	36,191	109,564	120,441		
422102	VERIZON CALIF - AZ	1	rural exemption lifted	36,623,700	8,671	17,627	37,231		
473162	QWEST CORP - IDAHO	1	rural exemption lifted	637,201,143	131,917	120,191	661,847		
542344	VERIZON W COAST - CA	1	rural exemption lifted	101,616,923	30,333	68,451	153,798		
592202	VERIZON CALIF - NV	1	rural exemption lifted	38,755,468	14,546	40,082	36,258		
592406	MALHEUR HIGHE TEL CO	2	rural exemption lifted	170,673,357	40,349	44,402	156,141		
653700	IMPACONSIAN TELECOMM	2	rural exemption lifted	98,019,456	13,151	14,351	79,183		
452107	THE EL PASO CNTY TEL	2	rural exemption lifted	78,662,094	24,047	15,372	111,058		
				3,789,828	5,008	10,697	18,526		
Total Non-Rural ILECs				45,318,256,285	13,243,845	42,831,572	54,833,896		
ALL ILECs				179,846,386			179,846,386		
% Interstate						47.18%	47.18%		

did not exist in 2000
did not exist in 2000

TOTAL SWITCHED ACCESS REVENUE FOR VoIP FINANCIAL IMPACT ANALYSIS

43-04 RBOCs (includes CTE V2 and Puerto Rico Telephone) in 800 dollars					
	Network Access Service Revenue - Switched Access	Network Access Service Revenue - State (1990 - 2002)	Network Access Service Rev - Special Access	State Switched Access as % Total State Access	Proxy for State Switched Access
1997	4011	4013	4012		\$ 4,896,370
1998		\$ 7,083,106			\$ 5,022,718
1999		\$ 7,309,218			\$ 4,970,592
2000		\$ 7,232,150			\$ 4,895,061
2001		\$ 6,805,846			\$ 4,594,490
2002		\$ 6,972,796			\$ 4,152,068
2003		\$ 5,090,297	\$ 1,564,520	69%	
1997	\$ 3,488,373		\$ 4,274,008		
1998	\$ 10,968,121		\$ 5,461,473		
1999	\$ 9,432,483		\$ 7,016,857		
2000	\$ 8,641,811		\$ 9,335,224		
2001	\$ 7,164,120		\$ 12,108,352		
2002	\$ 5,177,321		\$ 12,108,352		
2003	\$ 4,492,744		\$ 12,108,352		
	\$ 5,759,016		\$ 12,841,190		

Switched Access Revenues per Line, RBOCs and Puerto Rico Telephones Authority				
	Switched Access Revenue	Switched Access Lines	Switched Revenue /Line	
	Method: FORM 040002 43-04	APR 05 43-06 Tab II	2000	
1997	\$ 15,825,491,401	154,434,824	\$ 102.47	
1998	\$ 14,485,100,880	190,574,203	\$ 90.08	
1999	\$ 13,621,202,918	155,683,109	\$ 82.11	
2000	\$ 11,850,481,384	145,087,284	\$ 71.78	
2001	\$ 9,771,771,487	157,496,779	\$ 62.04	
2002	\$ 8,444,811,729	148,416,094	\$ 56.90	
2003	\$ 7,212,589,000	136,548,075	\$ 52.05	

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TOTAL SWITCHED ACCESS REVENUE FOR V&P FINANCIAL IMPACT ANALYSIS										
NON-RURAL OTHER ILEC SWITCHED ACCESS LINES PER NECA USE REPORT										
COMPANY	NECA ID	2003	2002	2001	2000	1999	1998	1997		
FRONTIER										
ROCHESTER	150121	410,706	431,801	465,741	611,782	613,163	579,540	609,410		
CINCINNATI BELL - KY	205001	202,048	207,105	199,982	202,619	202,220	199,419	191,813		
KY ALL TEL LEXINGTON	269090	430,202	481,834	#N/A	#N/A	#N/A	#N/A	#N/A		
CINCINNATI BELL - OH	305002	739,348	791,611	754,664	781,682	786,771	787,955	785,109		
ALT TEL NEBRASKA										
INC	371568	296,097	288,297	281,395	297,698	294,397	290,596	279,591		
CENTURYTEL - MO CENT	420724	89,301	94,692	#N/A	#N/A	#N/A	#N/A	#N/A		
CENTURYTEL - MO SW	429787	221,874	223,005	#N/A	#N/A	#N/A	#N/A	#N/A		
CENTEL OF NV	562348	843,289	864,690	862,994	847,694	862,407	836,114	790,615		
P.T.C. - CENTRAL	693200	174,238	179,520	192,721	177,150	174,415	167,150	153,132		
CENTEL OF VIRGINIA	190254	293,479	300,923	300,742	301,444	297,542	296,819	284,719		
CENTURYTEL - AL-										
SOUTH	259786	166,892	162,839	#N/A	#N/A	#N/A	#N/A	#N/A		
CENTURYTEL - AL-										
NORTH	298789	123,537	125,962	#N/A	#N/A	#N/A	#N/A	#N/A		
VALOR-OK	431785	114,764	120,196	124,517	127,134	#N/A	#N/A	#N/A		
CENTEL OF TEXAS	442114	219,858	231,595	232,243	231,089	228,520	210,572	199,413		
TOTAL		4,292,623	4,443,580	3,404,099	3,579,112	3,487,435	3,359,955	3,253,892		

Note: #N/A denotes "not applicable" - ILEC did not exist

Switched Access Revenue - RBOCs and Approximation for Non-Rural Other ILECs				
	RBOCs/Puerto Rico	Proxy for Non-Rural Other ILECs	Total Switched Access Revenues of Non-Rurals	
1997	Interstate + State \$ 15,825,491,401	\$ 393,417,512	\$ 16,158,808,913	to tab Results - Impact of Petition
1998	Interstate + State \$ 14,485,100,665	\$ 302,076,610	\$ 14,787,177,275	to tab Results - Impact of Petition
1999	Interstate + State \$ 13,621,202,918	\$ 294,722,363	\$ 13,905,925,281	to tab Results - Impact of Petition
2000	Interstate + State \$ 11,850,481,384	\$ 256,915,634	\$ 12,107,397,018	to tab Results - Impact of Petition
2001	Interstate + State \$ 9,771,771,407	\$ 211,204,612	\$ 9,982,976,019	to tab Results - Impact of Petition
2002	Interstate + State \$ 8,444,811,737	\$ 282,895,423	\$ 8,727,707,160	to tab Results - Impact of Petition
2003	Interstate + State \$ 7,212,980,000	\$ 222,946,436	\$ 7,435,926,436	to tab Results - Impact of Petition

1. VoIP Line Counts (2004 & 2007) 2003-2008						
Source	Year	Measure	LEC set	Value - Switch Comp Regime	Value - Access Charge Regime	Note
Actual	2003	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2004	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2005	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2006	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2007	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
Forecast	2003	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2004	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2005	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2006	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast
	2007	US (residential and business)	All LECs territories	2,363,206	2,363,206	Value under Switch Comp. 71% forecast

2. Calculation of VoIP Lines Resulting LEC Switched Lines (Share of DSL 2003-2008)						
Source	Year	Measure	LEC set	Value - Switch Comp Regime	Value - Access Charge Regime	ASSUMPTION: % of VoIP Lines attributable to business customers already having substituted special for switched access lines
Actual	2003	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2004	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2005	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2006	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2007	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
Forecast	2003	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2004	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2005	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2006	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%
	2007	US (residential and business)	All LECs territories	1,861,741	1,861,741	32%

LEC Lines	DSL Lines	Total Lines (LEC and DSL)	Share of DSL Lines Excluding DSL
20,776,428	4,942,700	25,719,128	13.87%
31,083,229	5,100,000	36,183,229	14.93%

Data source: FCC Local Competition Report 1203a Tab 1 and 3, 2008
Data is actual for 2003-2004 share is actual for 2005

TABLE 1: 2003-2008: DSL, Non-Rural LEC Lines

2. Calculation of VoIP Lines Reducing Non-Rural LEC Lines (Table 1, 2003-2008)						
Source	Year	Measure	LEC net	Value - Fixed Comp	Value - Average Change Required	Assuming 15% Rural Line In
Calculated	2003	US (residences and businesses)	RBOCs & Non-Rural Other LECs	1,667,521	1,667,521	1
Calculated	2004	US (residences and businesses)	RBOCs & Non-Rural Other LECs	2,989,811	2,989,811	1
Calculated	2005	US (residences and businesses)	RBOCs & Non-Rural Other LECs	4,565,534	3,640,418	1
Calculated	2006	US (residences and businesses)	RBOCs & Non-Rural Other LECs	6,448,116	5,318,482	1
Calculated	2007	US (residences and businesses)	RBOCs & Non-Rural Other LECs	8,426,572	7,227,980	1
Calculated	2008	US (residences and businesses)	RBOCs & Non-Rural Other LECs	12,438,889	9,978,517	1

3. High-Speed Internet Access Market Share for Cable, 2003-2008						
Source	Year	Measure	Value	Value	For competition, FCC High-Speed Services Report, 12/04 Table 1	
Actual	2003	US	62.7%	180 report 2004 Table 1	59.0%	Actual data, cable as % of all wireless high-speed (no wireless or satellite)
Calculated	2004	US	63.4%	180 report 2004 Table 1	59.0%	Does actual data, cable as % of all wireless high-speed (no wireless or satellite)
Calculated	2005	US	63.4%	180 report 2004 Table 1	59.0%	
Calculated	2006	US	63.4%	180 report 2004 Table 1	59.0%	
Calculated	2007	US	63.4%	180 report 2004 Table 1	59.0%	
Calculated	2008	US	63.4%	180 report 2004 Table 1	59.0%	

4. Calculation of VoIP Lines Reducing Non-Rural LEC Lines (Table 1, 2003-2008) Based Only on Residences (Cable High-Speed Internet Access)						
Source	Year	Measure	LEC net	Value - Fixed Comp	Value - Average Change Required	Notes
Calculated	2003	US	RBOCs & Non-Rural Other LECs	617,509	917,509	
Calculated	2004	US	RBOCs & Non-Rural Other LECs	1,172,987	1,172,987	
Calculated	2005	US	RBOCs & Non-Rural Other LECs	2,002,287	1,601,785	Used to derive VoIP traffic that replaces residential
Calculated	2006	US	RBOCs & Non-Rural Other LECs	2,995,411	2,399,729	
Calculated	2007	US	RBOCs & Non-Rural Other LECs	4,149,821	3,316,697	
Calculated	2008	US	RBOCs & Non-Rural Other LECs	6,448,034	4,398,427	

5. Calculation of Non-Rural LEC Lines (Table 1, 2003-2008) Based Only on Residences (Cable High-Speed Internet Access)						
Source	Year	Measure	LEC net	Value - Fixed Comp	Value - Average Change Required	Notes
Calculated	2003	US	RBOCs & Non-Rural Other LECs	1,173,501	1,173,501	
Calculated	2004	US	RBOCs & Non-Rural Other LECs	2,199,206	2,199,206	
Calculated	2005	US	RBOCs & Non-Rural Other LECs	3,061,827	2,061,498	Used to derive additional LEC revenues from DSL
Calculated	2006	US	RBOCs & Non-Rural Other LECs	3,173,883	4,131,283	
Calculated	2007	US	RBOCs & Non-Rural Other LECs	7,220,176	6,660,280	
Calculated	2008	US	RBOCs & Non-Rural Other LECs	9,000,188	7,212,708	

LEC Share of DSL (Table 1, 2003-2008)		2003 Data source: ATIS Annual Report, Table 1, 2004 page 17
Calculated	2003	93%
Calculated	2004	93%
Calculated	2005	93%
Calculated	2006	93%
Calculated	2007	93%
Calculated	2008	93%

Calculated Annual Change in Access Revenue - Interim Rate Calculation						
Annual Rates of Change	2003	2004	2005	2006	2007	2008
Assumed Change in Blended Access Rate (A)		0.00%	-1.79%	-3.74%	-3.89%	-3.64%
ADJUSTABLE INFLUENTS						
NECA Interim Rate AMCU 12		-7.57%	-7.57%	-7.57%	-7.57%	-7.57%
Assumed Change in MCUS (B)		-7.57%	-7.57%	-7.57%	-7.57%	-7.57%
Change in Access Revenue - CALCULATED (C)=(A)+(B)-1)		-7.57%	-10.83%	-10.83%	-10.78%	-10.73%
Revenues						

to Results Tabs

NECA AMCU Data									
	07/01/2002 To 09/30/2002	10/01/2002 To 12/31/2002	01/01/2003 To 02/29/2003	03/01/2003 To 04/30/2003	05/01/2003 To 06/30/2003	07/01/2003 To 08/31/2003	09/01/2003 To 10/31/2003	11/01/2003 To 12/31/2003	01/01/2004 To 03/31/2004
09/30/2002 NECA Interim Rate AMCU 12	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617	106,461,694.617
Total 12m	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886	1,284,072,709.886
Total Industry									

QUARTER	Decrease in RBOC Access Revenue	RBOC DSL Revenue Gain	RBOC Net Revenue
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IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FOREBEARANCE CONSIDERATIONS

QUARTER	SBC DSL LINES ¹	VERIZON DSL LINES ¹	BELLSOUTH DSL LINES ¹	QWEST DSL LINES ¹	TOTAL RBOC DSL LINES ¹	DSL LINE GAIN
1Q01	602,000	713,000	303,000	399,000	2,224,000	
2Q01	1,037,000	652,000	261,000	280,000	2,610,000	386,000
3Q01	1,167,000	695,000	463,000	501,000	3,006,000	396,000
4Q01	1,333,000	1,186,000	620,500	444,000	3,658,500	652,500
1Q02	1,316,000	1,536,000	720,000	464,000	4,036,000	414,500
2Q02	1,249,000	1,485,000	803,000	485,000	4,001,000	457,000
3Q02	1,954,000	1,630,000	824,000	600,000	5,018,000	917,000
4Q02	2,198,000	1,780,000	1,021,000	510,000	5,430,000	412,000
1Q03	2,470,000	1,836,000	1,122,000	626,000	5,948,000	518,000
2Q03	2,773,000	1,931,000	1,200,000	636,000	6,440,000	492,000
3Q03	3,136,000	2,116,000	1,300,000	677,000	7,131,000	691,000
4Q03	3,615,000	2,301,000	1,460,000	637,000	7,912,000	781,000
1Q04	3,982,000	2,691,000	1,618,000	744,000	8,999,000	1,078,000
2Q04	4,377,000	2,934,000	1,706,000	863,000	9,774,000	786,000
3Q04	4,679,000	3,283,000	1,900,000	966,000	10,768,000	1,014,000

¹ SBC DSL lines in service were obtained from SBC's quarterly 10Q reports filed with the SEC and SBC's online quarterly investor briefings. However, could not locate SBC DSL lines for 1st Quarter 2001. Utilized the midpoint of 4th Quarter 2000 and 2nd Quarter 2001 instead. 4th Quarter 2000 SBC DSL lines = 767,000.

² Verizon DSL lines in service were obtained from Verizon quarterly 10Q reports filed with the SEC and Verizon's online investor briefings.

³ BellSouth DSL lines in service were obtained from BellSouth quarterly 10Q reports filed with the SEC and BellSouth's online investor briefings.

⁴ Qwest DSL lines in service were obtained from Qwest's on-line quarterly earnings releases.

IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FORBEARANCE CONSIDERATIONS

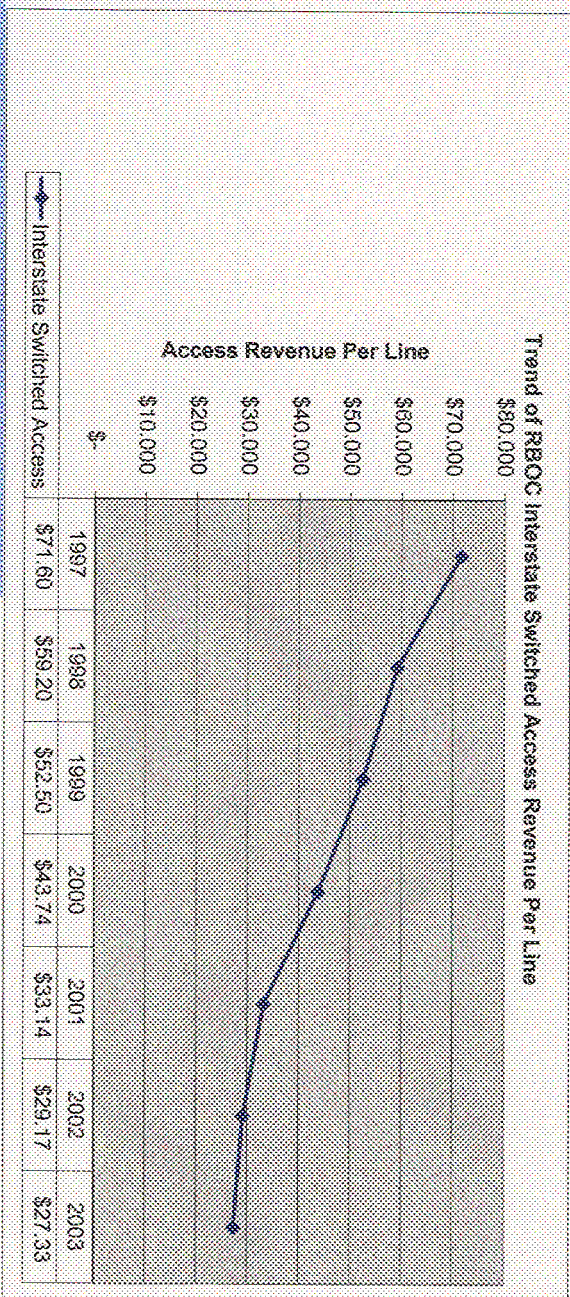
QUARTER	SBC Total Switched Access Lines ¹	Verizon Total Switched Access Lines ¹	Bellsouth Total Switched Access Lines ²	Qwest Total Switched Access Lines ²	RBOC Total Switched Access Lines ²	RBOC Access Line Decrease	Estimated Decrease in RBOC Access Revenue ^{3, 4}	Net Differences	DSL Revenue Gain ⁵	Net Revenue Change
1Q01	61,254,000	67,963,000	29,696,000	18,132,000	166,157,000	1,497,000	\$2,108,386	1,067,000	\$15,880,000	\$4,470,618
2Q01	60,378,000	62,465,000	28,666,000	18,040,000	164,534,000	1,216,000	\$1,993,384	1,097,000	\$15,880,000	\$916,602
3Q01	60,230,000	60,776,000	28,574,000	17,960,000	164,534,000	1,000,000	\$1,757,462	1,041,000	\$15,880,000	\$9,147,808
4Q01	59,632,000	60,225,000	29,432,000	17,887,000	162,866,000	1,000,000	\$1,650,176	984,000	\$15,880,000	\$8,004,692
1Q02	66,036,000	66,161,000	30,423,000	17,606,000	161,826,000	1,336,000	\$3,607,692	292,000	\$15,880,000	\$10,202,308
2Q02	67,093,000	69,866,000	34,864,000	17,787,000	169,407,000	2,014,000	\$3,912,032	2,298,000	\$15,880,000	\$1,597,968
3Q02	67,003,000	67,974,000	34,602,000	17,406,000	166,696,000	1,864,000	\$4,119,656	2,298,000	\$15,880,000	\$4,241,560
4Q02	66,673,000	67,482,000	34,611,000	16,989,000	166,556,000	1,110,000	\$3,481,582	669,000	\$15,880,000	\$16,648,408
1Q03	66,817,000	66,761,000	34,150,000	16,504,000	163,222,000	3,334,000	\$1,247,146	1,642,000	\$15,880,000	\$16,648,408
2Q03	66,267,000	64,166,000	32,804,000	16,354,000	161,672,000	1,649,000	\$1,663,451	1,642,000	\$15,880,000	\$16,648,408
3Q03	64,663,000	66,641,000	30,729,000	16,209,000	161,162,000	1,931,000	\$1,479,491	1,501,000	\$15,880,000	\$15,954,509
4Q03	64,663,000	64,673,000	32,087,000	16,050,000	161,424,000	2,708,000	\$1,245,926	1,501,000	\$15,880,000	\$18,734,074
1Q04	63,590,000	64,357,000	31,706,000	16,395,000	162,966,000	1,964,000	\$9,192,242	1,072,000	\$15,880,000	\$14,387,768
2Q04	62,398,000	63,679,000	31,576,000	16,090,000	162,872,000	1,690,000	\$8,330,756	927,000	\$15,880,000	\$12,129,244

- ¹ SBC switched access lines in service were obtained from SBC's quarterly 10Q and 2003 10K reports filed with the SEC and SBC's online quarterly investor briefings.
- ² Verizon switched access lines in service were obtained from Verizon's quarterly 10Q and 2003 10K reports filed with the SEC and Verizon's online quarterly investor briefings.
- ³ Bellsouth's switched access lines in service were obtained from Bellsouth's quarterly 10Q and 2003 10K reports filed with the SEC and Bellsouth's online quarterly investor briefings.
- ⁴ Qwest's switched access lines in service were obtained from Qwest's quarterly 10Q and 2003 10K reports filed with the SEC and Qwest's online quarterly earnings releases.
- ⁵ Average monthly toll MOU assumed to be:
- ⁶ Composite interstate/intrastate access rate per MOU (see tab USER-ADJUSTABLE INPUTS)
- ⁷ DSL revenue per month:

340
\$0.0147
\$30.00

IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FORBEARANCE CONSIDERATIONS

TREND OF INTERSTATE SWITCHED ACCESS REVENUE PER LINE
FOR RBOCs (1997-2003)



PIVOT TABLE based on ARPA 43-04 row 4011 (Interstate Switched Access Revenue)

IN THOUSANDS			
Sum of Interstate	Row Title	NETWORK ACCESS: REVENUE PER LINE	
Year	Network Access Service Rev - Switched Access	Interstate Switched Access	
1997	10,866,121	\$	71.609
1998	9,432,383	\$	59.204
1999	8,041,811	\$	52.502
2000	7,164,420	\$	43.747
2001	6,177,321	\$	33.147
2002	4,292,744	\$	29.176
2003	3,764,016	\$	27.338

* - Note: Only Interstate Switched Revenues are reported because Intrastate revenues for 1997-2002 are not split between switched and special



Data Run Date: 11/25/2004

FCC Report 43-08, the ARMIS Operating Data Report
Table III. Access Lines in Service by Customer

Report Number	COSA	Company	Year Total	Row Title	Total Switched Access Lines (ft)	Special Access Lines (Non-Switched): Analog (ft)	Special Access Lines (Non-Switched): Digital (ft)	Total Access Lines (Switched & Special) (ft)
			1997 Total		153,183,670	0	0	153,183,670
			1998 Total		159,320,773	1,137,428	25,168,913	179,490,011
			1999 Total		164,594,904	1,142,729	32,926,756	193,390,258
			2000 Total		163,770,563	1,014,615	47,806,305	213,415,924
			2001 Total		156,190,990	1,217,483	64,360,849	229,368,899
			2002 Total		147,124,767	988,538	78,551,126	235,750,654
			2003 Total		137,317,843	930,609	93,344,780	241,400,147
			Grand Total		1,081,503,530	7,326,252	449,739,188	1,539,568,970

DATA FOR TREND LINE

1997	153,183,670
1998	159,320,773
1999	164,594,904
2000	163,770,563
2001	156,190,990
2002	147,124,767
2003	137,317,843



Data Run Date: 11/28/2004

FCC Report 43-04, the ARMIS Access Report

Table I. Separations and Access Data

Report Number	COSA	Company	Year	Row	Row Title	Subject to Separations	State	Interstate
4304	BSTR	BellSouth Corporation	1997	4011	Network Access Service Rev. - Switched Access	1,829,805		1,829,805
4304	BSTR	BellSouth Corporation	1998	4011	Network Access Service Rev. - Switched Access	1,647,854		1,647,854
4304	BSTR	BellSouth Corporation	1999	4011	Network Access Service Rev. - Switched Access	1,498,600		1,498,600
4304	BSTR	BellSouth Corporation	2000	4011	Network Access Service Rev. - Switched Access	1,241,989		1,241,989
4304	BSTR	BellSouth Corporation	2001	4011	Network Access Service Rev. - Switched Access	869,004		869,004
4304	BSTR	BellSouth Corporation	2002	4011	Network Access Service Rev. - Switched Access	734,387		734,387
4304	BSTR	BellSouth Corporation	2003	4011	Network Access Service Rev. - Switched Access	1,045,144	412,918	632,228
4304	USTR	Qwest Corporation	1997	4011	Network Access Service Rev. - Switched Access	1,259,456		1,259,456
4304	USTR	Qwest Corporation	1998	4011	Network Access Service Rev. - Switched Access	1,017,776		1,017,776
4304	USTR	Qwest Corporation	1999	4011	Network Access Service Rev. - Switched Access	1,010,757		1,010,757
4304	USTR	Qwest Corporation	2000	4011	Network Access Service Rev. - Switched Access	836,684		836,684
4304	USTR	Qwest Corporation	2001	4011	Network Access Service Rev. - Switched Access	621,030		621,030
4304	USTR	Qwest Corporation	2002	4011	Network Access Service Rev. - Switched Access	570,689		570,689
4304	USTR	Qwest Corporation	2003	4011	Network Access Service Rev. - Switched Access	836,177	256,461	579,718